

**ASSEMBLY BILL**

**No. 1140**

**Introduced by Assembly Member Villaraigosa**

February 25, 1999

An act to amend Section 18501 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1140, as introduced, Villaraigosa. Income taxes: returns: filing requirements.

Existing income tax laws require every individual taxable under the Personal Income Tax Law that has certain amounts of adjusted gross income, or gross income, to make a return to the Franchise Tax Board.

This bill would require the board to recompute those amounts to take into account the effect of the dependent credit and the senior exemption credit, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 18501 of the Revenue and  
2 Taxation Code is amended to read:  
3 18501. (a) Every individual taxable under Part 10  
4 (commencing with Section 17001) shall make a return to  
5 the Franchise Tax Board, stating specifically the items of  
6 the individual's gross income from all sources and the

1 deductions and credits allowable, if the individual has any  
2 of the following for the taxable year:

3 (1) An adjusted gross income from all sources in excess  
4 of eight thousand dollars (\$8,000), if single.

5 (2) An adjusted gross income from all sources in excess  
6 of sixteen thousand dollars (\$16,000), if married.

7 (3) A gross income from all sources in excess of ten  
8 thousand dollars (\$10,000), if single, and twenty thousand  
9 dollars (\$20,000), if married, regardless of the amount of  
10 adjusted gross income.

11 (4) In the case of an individual described in Section  
12 63(c)(5) of the Internal Revenue Code, relating to  
13 limitation on basic standard deduction in the case of  
14 certain dependents, a gross income from all sources that  
15 exceeds the amount of the standard deduction allowed  
16 under that section.

17 (b) If a husband and wife have for the taxable year an  
18 adjusted gross income from all sources in excess of sixteen  
19 thousand dollars (\$16,000) or a gross income from all  
20 sources in excess of twenty thousand dollars (\$20,000),  
21 each shall make a return or the income of each shall be  
22 included on a single joint return as otherwise provided in  
23 this article.

24 ~~(e)~~

25 *(c) For any individual described in paragraphs (1) or*  
26 *(2), the Franchise Tax Board shall recompute the*  
27 *amounts provided in subdivision (b) and Paragraphs (1)*  
28 *to (3), inclusive, of subdivision (a) as follows:*

29 *(1) For any individual eligible to claim the credit*  
30 *described in subdivision (c) of Section 17054, the*  
31 *Franchise Tax Board shall increase the income amounts*  
32 *described in subdivision (b) and paragraphs (1) to (3),*  
33 *inclusive, of subdivision (a), as adjusted by subdivision*  
34 *(d), by the quotient provided by dividing the credit*  
35 *described in subdivision (c) of Section 17054, as adjusted*  
36 *in subdivision (i) of Section 17054, by 2 percent.*

37 *(2) For any individual or married couple eligible to*  
38 *claim the credit described in subdivision (d) of Section*  
39 *17054, the Franchise Tax Board shall increase the income*  
40 *amounts described in subdivision (b) or paragraphs (1)*

1 to (3), inclusive, of subdivision (a), as adjusted by  
2 subdivision (d), by the quotient provided by dividing  
3 each credit described in subdivision (d) of Section 17054,  
4 as adjusted in subdivision (i) of Section 17054, by the  
5 following:

6 (A) If the individual or married couple is not eligible  
7 to claim the credit allowed in subdivision (c) of Section  
8 17054, 3 percent for the first dependent credit and 4  
9 percent for the second dependent credit, if any.

10 (B) If the individual or married couple is eligible to  
11 claim the credit allowed in subdivision (c) of Section  
12 17054, 4 percent for the first dependent credit and 5  
13 percent for the second dependent credit, if any.

14 (d) For each taxable year beginning on or after  
15 January 1, 1996, the Franchise Tax Board shall recompute  
16 the income amounts prescribed in paragraphs (1) to (3),  
17 inclusive, of subdivision (a) and in subdivision (b), as  
18 follows:

19 (1) The Department of Industrial Relations shall  
20 transmit annually to the Franchise Tax Board the  
21 percentage change in the California Consumer Price  
22 Index for all items from June of the prior calendar year to  
23 June of the current calendar year, no later than August 1  
24 of the current calendar year.

25 (2) The Franchise Tax Board shall do both of the  
26 following:

27 (A) Compute an inflation adjustment factor by adding  
28 100 percent to the percentage change figure that is  
29 furnished pursuant to paragraph (1) and dividing the  
30 result by 100.

31 (B) Multiply the income amounts for the preceding  
32 taxable year by the inflation adjustment factor  
33 determined in subparagraph (A) and round off the  
34 resulting products to the nearest one dollar (\$1).

35 ~~(d) The changes to subdivisions (a) and (b) made by~~  
36 ~~the act adding this subdivision shall apply to each taxable~~  
37 ~~year beginning on or after January 1, 1995.~~

1     *(e) The changes to subdivision (c) made by the act*  
2     *adding this subdivision shall apply to each taxable year*  
3     *beginning on or after January 1, 1999.*

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